

SP-020-8

**NATIONAL
INDIAN
GAMING
COMMISSION**

Delivered by telefax to 518-358-3203

SEP 19 1996

Honorable Edward Smoke
Chief, St. Regis Mohawk Tribe
Route 37, Box 8A
Hogansburg, New York 13655

Dear Chief Smoke:

We recently received a September 17, 1996, letter from Joseph Membrino, attorney for Gary Melius, a copy of which is enclosed. I am very concerned that the letter is misleading.

The letter indicates that our office has agreed that Mr. Melius could continue as a consultant to the management company on the Tribe's gaming operation. At no time have we agreed that it would be appropriate for Mr. Melius to act as a consultant to the management company.

My staff informally advised the parties several months ago that we were prepared to disapprove the pending contract with President because of our concerns about the suitability of one of its partners, Gary Melius. The parties indicated at that time that they wanted to explore proceeding on the contract without Mr. Melius. To do so, we understand that the parties are exploring several options including buying out Mr. Melius' share in the management company. We have no objections to a buy out of Mr. Melius' share if it is done in such a way that we can ultimately determine that he retains no financial interest in or management responsibility for the management contract.

We do have strong concerns, however, about the parties engaging Mr. Melius as a consultant. Although we do not approve such agreements, as distinguished from management agreements, we do review all agreements which are collateral to the management agreement. A gaming consulting agreement tied to the net revenues of the management contract would be collateral under our regulations. Because this arrangement constitutes a continuing financial interest in the management contract, Mr. Melius would be subject to a suitability determination. Therefore, for the same reasons that we are prepared to disapprove the contract with Mr. Melius as a partner, we are prepared to disapprove the management contract with Mr. Melius as a gaming consultant.

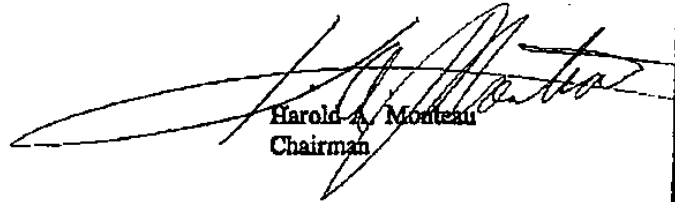
**PLAINTIFF'S
EXHIBIT**

2 - E.D.

3/24/02

If you have any questions, please do not hesitate to contact our office.

Sincerely,



Handwritten signature of Harold A. Monteau, Chairman.

Harold A. Monteau
Chairman

Enclosure

cc: Joseph Membrino, FAX 202-293-6492
Henry Gusk, FAX 412-281-2859